

FISCAL NOTE

HB 181 – SB 199

February 16, 2007

SUMMARY OF BILL: Authorizes sales tax deductions equal to 2.0% of the first \$2,500 for each taxpayer report, plus 1.15% of any amount over \$2,500 for each report, up to a maximum of \$50 per report, as compensation to dealers for their cost of accounting and remitting sales tax to the Department of Revenue. Requires any excess amount above the \$50 threshold be retained by the General Fund.

ESTIMATED FISCAL IMPACT:

Decrease State Revenues – \$24,500,000

Increase State Expenditures - \$100,000 One-Time

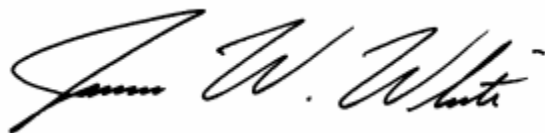
Decrease Local Govt. Revenues - \$4,000,000

Assumptions:

- According to the Department of Revenue (DOR), and based upon FY05-06 sales tax returns data, approximately 1.05 million taxpayers would qualify for vendors compensation filed by in-state dealers.
- According to DOR, and based upon the 1.05 million eligible taxpayers, total vendor's compensation would be approximately \$28,500,000 per year.
- The DOR estimates that approximately \$24,500,000 of the \$28,500,000 would have been apportioned to the state's General Fund and the remaining \$4,000,000 would have been allocated to local governments.
- Some dealers currently registered as out-of-state dealers could adjust their tax status to become in-state dealers in the future. This could increase the amount of vendor's compensation in future years.
- One-time increase in state expenditures for software modifications and computer programming changes is estimated at \$100,000.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director